



November 11, 2003

Highlights of the Conference Report to Accompany H.R. 1588, the National Defense Authorization Bill for FY 2004

The Conference Report, H. Rept. 108-354, was filed on November 7, 2003.

Noteworthy

- The Conference Report authorizes \$401.3 billion in budget authority for defense programs for FY 2004, with additional funding authorized for the acquisition of 100 tanker aircraft. The conferees authorize \$74.2 billion in funding for procurement; \$63.4 billion in funding for research, development, test, and evaluation (RDT&E); and \$114.4 billion in funding for operations and maintenance.
- The Air Force is authorized to lease no more than 20 tanker aircraft, and to purchase up to 80 in a multiyear contract.
- A military pay raise of 3.7 percent is included for all uniformed service personnel, and higher targeted pay raises for mid-grade personnel, for an overall average raise of 4.15 percent.
- Concurrent receipt of both military retired pay and veterans' disability compensation is phased in over 10 years for retirees whose disability is rated at 50 percent or greater. Also, special compensation for combat-related disabilities is extended, including for those whose disability rating is 50 percent or less.
- The House approved the Conference Report by a vote of 362-40 on November 7, 2003.

Highlights

DIVISION A – DEPARTMENT OF DEFENSE AUTHORIZATIONS

Title I – Procurement

The Conference Report authorizes \$74.20 billion for procurement, which is \$1.55 billion more than the President's request. Other funding levels are noted below. Highlights of Title I of the Conference Report are as follows.

- **Tanker Lease:** The Secretary of the Air Force is authorized to lease no more than 20 tanker aircraft, and to purchase up to 80 in a multiyear contract beginning with FY 2004 up to 10 program years. The conferees call on the Secretary of Defense to submit a report to Congress by April 1, 2004, on alternative means for meeting the long-term requirements for maintenance and training in the operation of the authorized tanker aircraft.
- Note the following highlights: **Stryker vehicles** (\$955 million); an additional \$457.8 million for recapitalization and modernization of Army equipment, including the **Bradley Fighting Vehicle** and **M1A2 Abrams tank**; 22 **F/A-22 Raptor** aircraft (\$3.5 billion), including a reduction of \$161 million to reflect cost savings; and \$6.6 billion for construction of seven new ships, including one **Virginia-class attack submarine** (\$1.5 billion), three **Arleigh Burke-class destroyers** (\$3.2 billion), and one **San Antonio-class amphibious ship** (\$1.2 billion).
- Also, \$2.9 billion is authorized for the follow-on multiyear procurement of 42 **F/A-18 E/F Super Hornet aircraft** for the Navy. Other items include: **Apache Longbow helicopters** (\$762.5 million); **Joint Direct Attack Munitions** (\$705 million); continued **F/A-22 development** (\$620.7 million); recapitalization of the **CH-47 Chinook cargo helicopter** (\$495.5 million); five **C-130J aircraft** (\$336.0 million); and advance procurement of the **CVN-21 aircraft carrier** (\$1.2 billion).

Title II – Research, Development, Test, and Evaluation

The Conference Report authorizes \$63.38 billion for research, development, test and evaluation (**RDT&E**), which is \$1.56 billion more than the President's request. Other funding levels are noted below.

- **Joint Strike Fighter** (\$4.4 billion). **Stryker vehicles** (\$61 million).

- The **Defense Science and Technology Program** is authorized \$11.03 billion for basic research, applied research, and advanced technology development projects.
- The conferees support the **Army's transformation initiative** by authorizing research and development funding for Future Combat Systems (\$1.25 billion), the Objective Force Indirect Fires program (\$353 million), Network fires system technology (\$103 million), and the Comanche helicopter program (\$1.08 billion).
- The conferees authorize \$451 million for **PAC-3** spiral development, which represents the combined request for **PAC-3** and **MEADS**.
- The conferees fully fund the President's request of \$9.1 billion for **missile defense**. Ballistic missile defense items receive the following: terminal defense (\$820 million); midcourse defense (\$3.74 billion); boost defense (\$626 million); sensors (\$448 million); BMD system interceptors (\$151 million); test and targets (\$611 million); and systems core (\$446 million).
- Navy programs include: **DD(X) destroyer** (\$1.1 billion); **V-22A**, a multi-mission, tiltrotor aircraft with vertical take-off and landing (VTOL) capability (\$441 million).

Title III – Operation and Maintenance and Other Programs

The Conference Report authorizes \$132.26 billion for **Operation and Maintenance** and other programs, which is \$2.59 billion less than the President's request.

Also included in Title III: Defense Health Program (\$15.4 billion); Drug Interdiction and Counter-Drug Activities (\$817 million); Chemical Agents and Munitions Destruction (\$1.53 billion); National Defense Sealift Fund (\$1.06 billion); Defense Working Capital Funds (\$632 million); and Defense Commissary Agency Working Capital Fund (\$1.09 billion).

The Conference Report amends the Marine Mammal Protection Act of 1972 to clarify the definition of "harassment" of marine mammals to assist DoD and regulatory agencies in determining the impact of **military readiness** activities on marine mammals. The Conference Report also includes a provision that would preclude further designation of critical habitat under the Endangered Species Act on DoD lands that are subject to an Integrated Natural Resource Management Plan (INRMP) if the Secretary of Interior determines that the INRMP protects the species in question.

Title IV – Military Personnel Authorizations

The Conference Report provides \$98.91 billion for military personnel. The conferees provide for a total active duty end strength of 1,390,500, the same as the President's request except for an additional 2,400 for the Army. The end strength for

selected reserve personnel is set at 863,330, which is the same as the President's request except for an additional 30 for the Air National Guard. The end strength for Reserves on active duty in support of the Reserves is set at 70,469, including an additional 213 for the Army National Guard and an additional 51 for the Air National Guard.

Title VI – Compensation and other Personnel Benefits

- The conferees agreed upon a **military pay raise** of 3.7 percent for all uniformed service personnel, and higher targeted pay raises for mid-grade personnel, for an overall average raise of 4.15 percent. The conferees direct that annual military pay raises after FY 2006 be equal to the annual increase in the Employment Cost Index (ECI).
- Continuing payment of **family separation allowance** is authorized in the amount of \$250.00 per month through December 31, 2004; payment of special pay for duty subject to hostile fire or imminent danger is authorized in the amount of \$225.00 per month through December 31, 2004.
- Title VI contains a provision that authorizes **concurrent receipt** of both military retired pay and veterans' disability compensation phased in over 10 years for retirees whose disability is rated at 50 percent or greater. Also, the Conference Report authorizes payment of **special compensation for combat-related disabilities**, including for those whose disability rating is 50 percent or less, and includes a process for coordination with concurrent receipt of both military retired pay and veterans' disability compensation.
- The conferees included a provision that will extend benefits under the **Survivor Benefit Plan** to surviving spouses of reservists not eligible for retirement who die from injury or illness incurred or aggravated in the line of duty during inactive-duty training.
- The Conference Report authorizes an increase in the **death gratuity** from \$6,000 to \$12,000 effective September 11, 2001.

Title VII – Health Care Provisions

- The conferees included a pilot program that will extend **TRICARE** to reserve components and their dependents, and allow for assessment of the merit of continuing such programs. Another provision authorizes medical and dental care for reserve component members upon notification that they will be activated.

Title VIII – Acquisition Policy, Acquisition Management, and Related Matters

- The agreement includes a provision that would clarify the requirements of section 2533a of title 10, U.S.C., to facilitate the timely purchases of products to support contingency operations except in regard to the procurement of textiles.
- While the House “Buy America” provisions were not included in the Conference Report, the conferees agreed to a provision that will direct the Secretary of Defense to establish a program to assess the ability of the United States industrial base to produce military systems necessary to support national security requirements.

Title X – General Provisions

Among several provisions, the conferees also direct the President to provide a report by April 1, 2004, on the potential use of Unmanned Aerial Vehicles for homeland security.

Title XI – Civilian Personnel Matters

The conferees provide authority to establish a Department of Defense **National Security Personnel System (NSPS)**. The NSPS will be a separate personnel system from the DoD civilian workforce, and will include expedited hiring authorities, independent third-party appeals processes, pay for performance, and competitive pay provisions.

Title XII – Matters Relating to Other Nations

The conferees included a provision requiring the Secretary of Defense to report to Congress on the range of DoD activities in post-conflict Iraq. Also included is a sense of the Congress that the President should initiate a reevaluation of the current posture of U.S. forces stationed in Europe.

Title XIII – Cooperative Threat Reduction with States of the Former Soviet Union

The conferees agreed to a provision that will authorize \$450.8 million for the Cooperative Threat Reduction program, and also included a provision that will allow funds to be used outside of the former Soviet Union.

Title XVI – Defense Biomedical Countermeasures

The conferees agreed to a provision that will require the Secretary of Defense to establish a program to accelerate research and development of biological

countermeasures to chemical, biological, radiological, or nuclear (CBRN) threats. The conferees also included a provision to allow the Secretary of Defense to procure biomedical countermeasures from the Strategic National Stockpile for the Armed Forces.

Title XVII – Naturalization and Other Immigration Benefits for Military Personnel and Families

The Conference Report includes provisions to extend naturalization and other immigration benefits for non-citizen, active duty, and reserve service members that will reduce the period for required service to one year, waive fees relating to filing an application for naturalization, expedite processing of requests for posthumous citizenship, and extend posthumous benefits to surviving spouses, children, and parents of deceased service members.

DIVISION B – MILITARY CONSTRUCTION AUTHORIZATIONS

The Conference Report authorizes \$9.69 billion for **military construction** and family housing programs, \$434 million more than the President's request, and \$227 million more than the Senate-passed bill. This amount reflects the expected changes in overseas basing strategy. It includes over \$180 million in additional funding for critical unfunded military construction requirements identified by the military services at installations in the United States, and \$360 million in additional funding for readiness and training facilities for the National Guard and Reserve forces.

DIVISION C – DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER AUTHORIZATIONS

The Conference Report provides \$16.70 billion for atomic energy defense activities at the Department of Energy, which is the same amount provided in the Senate-passed bill.

- The conferees included \$8.88 billion for the National Nuclear Security Administration (NNSA), which is \$57 million less than the Senate-passed bill, but \$43 million more than the President's request. Of this amount, \$6.4 billion is for weapons activities; \$1.33 is for defense nuclear non-proliferation; and \$768 million is for Naval reactors.
- Also included is \$6.8 billion for defense environmental management, including defense site acceleration completion and environmental services, the same as the Senate-passed bill, and \$393 million for defense nuclear waste disposal.

- The Conference Report authorizes \$21 million for the advance concepts initiative, of which \$15 million is directed to continue the feasibility study on the robust nuclear earth penetrator. The provision also requires the Secretary of Energy to obtain a specific Congressional authorization before commencing engineering development or subsequent acquisition activities.
 - The Conference Report authorizes \$25 million for enhanced test readiness, the same as the Senate-passed bill.
 - The Conference Report authorizes \$23 million for the modern pit facility, the same as the Senate-passed bill.
 - The Conference Report includes a provision that repeals the prohibition on research and development of low-yield nuclear weapons. The provision also requires the Secretary of Energy to obtain a specific Congressional authorization before commencing engineering development or subsequent acquisition activities.
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